

29th July 2010

LONRHO

These results (and comparative figures included therein) do not form audited accounts nor have been extracted from audited accounts. The results disclosed in this trading update may potentially be subject to adjustments during the yearend audit in respect of goodwill valuations and other minor items. The comparative figures used are year on year due to the influence of seasonality within the different businesses in the group.

LONRHO PLC **(“Lonrho” or the “Company” or the “Group”)**

Lonrho Delivers 45% Increase in Third Quarter Turnover

Lonrho Plc (AIM:LONR) today announces its unaudited results for the third quarter to 30 June 2010. The Company continues to grow, both through its underlying businesses and via strategic acquisitions within Lonrho's chosen strategic business sectors.

Financial highlights for the quarter include:

- Turnover from operations for the quarter increased by 44.6% (42.4% in comparable currency) compared to the prior year, to reach £26.8m. Results for the 9 months to 30 June reported improved turnover of 23.4% to £74.0m, in comparable currency this increase was 30.3%.
- The Company improved EBITDA performance reporting a positive £1.5m in the third quarter, compared to a loss in the prior year of £2.4m. EBITDA for the year to date is now £4.3m, well ahead of the £7.0m loss at the same point in the prior year.
- Year to date, the Company has made a loss before tax of £2.5m. This is compared to the reported loss in the prior year of £6.2m, when adjusted for exceptional items.
- Net Assets at 30 June stood at £101.9m whilst the Company market capital was £114.7.

Operational highlights for the quarter include:

- The 197 room Hotel Grand Karavia in Lubumbashi in the DRC was opened on budget and inaugurated by President Kabila. Initial responses to the hotel have far exceeded expectations.
- The purchase of a majority stake in Oceanfresh Seafoods, further expanding the capabilities and synergies in the Lonrho agribusiness division opening up new trade opportunities in the USA market.
- Purchasing the remaining 49% of Rollex, the vertically integrated agri-processing company, to increase ownership in the Company's most profitable business to 100%.
- The acquisition of Trak-Auto, the John Deere tractor and Komatsu equipment dealership in Mozambique, a country with significant mineral and agriculture growth potential.

Divisional Highlights:

Agribusiness

During the quarter, the Agribusiness division has undergone significant strategic development which will help to deliver the forecast growth in the future. This has included the purchase of two businesses, as well as the acquisition of the remaining 49% of shares in Rollex which were not previously owned by the Company.

- During the quarter, the Agribusiness division has added 39% to reported turnover compared to Q3 2009, growing the quarterly turnover to £13.7m. For the 9 months to 30 June the increase in revenue in the division has been 14.9%, and when taken in comparable currencies 20.9%.
- On 7 June, the Company completed the purchase of Oceanfresh Seafoods (51% holding), a leading vertically integrated producer and supplier of premium, sustainable seafood from Africa. The acquisition was aimed at expanding the operations of Lonrho Agriculture into new markets including the USA. Lonrho paid a consideration of R3.8m (£336,860) for the equity, and made a working capital injection of R7.7m (£682,642) to provide the company with the financial ability to meet its growth opportunities.
- The strength of the acquisition strategy with Oceanfresh has already been demonstrated, with the Company announcing on 20 July it had won a contract to supply leading US retailer Costco with 'Cape Hake Fillets'. This new product, which has been on a successful trial at Costco for the past eight months, will be rolled out through 50 stores in the Los Angeles region in the coming months. With further stores in the San Diego, Texas and Chicago regions to be supplied in 2011, the growth potential of this business is significant. The Oceanfresh management have further seen an impressive increase in orders from the South African retail sector since acquisition and are implementing strategic synergies with Rollex that will improve margins and reduce overheads for both businesses.
- On 18 May, the Company announced the agreement to acquire the remaining 49 per cent of the issued share capital in Rollex SA Pty Ltd that Lonrho did not previously own from the trustees of the De Robillard Family Trust. The effect of the transaction on the Company will be to give Lonrho 100 per cent control of Rollex and as a result, increase the level of profit attributable to Lonrho shareholders in the Group profit and loss account. The acquisition has been paid for by the issue of 42,119,258 Lonrho shares to an agreed price of R51,450,000 being approximately 10.98 pence per share. The previously agreed purchase of the remaining minority stake in the Fresh Direct agricultural company in the coming quarter will complete the integration of the Lonrho agribusiness division.
- On 8 April, the Company completed the acquisition of 100% of Trak-Auto Lda (Trak-Auto), the existing holder of the John Deere and Komatsu dealerships in Mozambique. John Deere is a leading supplier of agricultural equipment and Komatsu is one of the world's largest manufacturers of construction, mining and utility equipment. Lonrho acquired the company at a cost of US\$2m payable on acquisition and three annual payments of US\$1m deferred and contingent on the vendor, who continues to manage the business, meeting agreed growth targets. Since acquisition the company has seen strong demand from the growing number of new large scale agricultural and mining projects being launched in Mozambique.

Transport

Fly540 East Africa has opened a ninth domestic route in Kenya and reported strong growth from increased capacity in Tanzania resulting from building demand for Fly540 services. With the Fly540 Southern Africa hub in Angolan finally scheduled to have its first flight on the 15 August, the transport division is continuing to develop and meet the objective of building Fly540 into the preeminent regional carrier connecting Africa.

- Revenue for the division has increased to £4.8m, 23% above the figure reported for the same period in the prior year. Year to date Fly540 has generated £14.6m in turnover, and with the 4th quarter traditionally generating around 40% of annual turnover, the Company is confident 2010 will deliver significant year on year growth as the airline expands and grows demand.
- The first flight from the Angolan hub is scheduled for 15 August. Whilst being delayed from the Company's planned start date, this flight will represent a step change in the trajectory of the Fly540 network into a domestic and regional market that is seeing an economic boom and is chronically underserved presently.
- Fly540 Kenya has, during the quarter added a new ninth domestic route to its already comprehensive schedule. Now flying to Kakamega, Fly540 is able to open up parts of western Kenya which were previously incredibly difficult to reach. This expansion, along with continued growth on existing routes means passenger numbers were 12% higher in the quarter compared to the same quarter in the prior year, with turnover increasing by 22%.
- Flights to the Masai Mara safari region operated by Fly540 Kenya have been moved from Jomo Kenyatta to Wilson airport, the traditional departure point for safari operators. Along with this move, new flights to Amboseli, Nanyaki and Sambura will begin in August.
- For the last month of the quarter, Fly540 Tanzania has operated an additional aircraft, doubling its capacity to meet market demand. This has led to a 66% increase in turnover for the quarter compared to the same quarter in the prior year.

Infrastructure

The Infrastructure division has had a strong quarter, building on previous successes. Luba Freeport has again broken its record for vessel calls and Kwikbuild, with large contract wins at Cape Town Station and orders for a new primary school, has shown it is now delivering real growth as a result of the new production plant capacity and strengthened management teams.

- The infrastructure division has reported the highest growth in the Company compared to the same period in the prior year. The 118% increase which has been achieved takes the quarterly revenue to £4.3m. Year to date, turnover stands at £10.7m, an increase on 2009 of 53%.
- At Luba Freeport (63% holding), an increase in drilling by all the major clients, combined with the introduction of Noble Energy to the client list, has meant an impressive 79% increase in turnover compared to the same quarter in the prior year.
- Liner and tanker calls to Luba Freeport have again increased in the quarter, with the third quarter seeing the largest number of vessel calls in the port's history, exceeding the previous record figure achieved in Q2. Demand for materials and supplies to support new drilling programmes that have been initiated by Hess, MEGI and Noble Energy have resulted in significantly more traffic being seen through the port. In addition, the transfer of all MI Swaco (Equatorial Guinea) operations to Luba from the general cargo port in Malabo has resulted in all the vessels requiring drilling muds and bulk chemicals, (essential for drilling programs) to now call exclusively at Luba.
- In the quarter, e-Kwikbuild (51% holding) was awarded two large tenders to develop the 480 units at Cape Town Station Traders Mall and to build a 23 classroom, 700 pupil school near Port Elizabeth. Both of these projects are fast track projects ideally suited to the Kwikbuild product and are to be completed within four and a half months.
- The application of Kwikbuild design and building solutions to meet the requirements of the Cape Town Station Traders Mall project demonstrates the diverse markets available for Kwikbuild product and the wide potential for the company throughout the Continent.

Hotels

With the Cardoso hotel in Maputo completing its refurbishment and the Grand Karavia hotel in Lubumbashi open and trading, having been officially inaugurated by President Kabila in June, the hotels division is completing a very successful year.

- Turnover for the quarter in the hotels division has reached £1.4m, taking the year to date revenue to £3.7m. These figures are 61% and 72% respectively higher than in the previous year.
- On 15 June, after an US\$20m refurbishment completed on budget, President Kabila of the DRC officially opened the Grand Karavia hotel (50% holding + Management Contract). The Grand Karavia provides the only international standard accommodation in Lubumbashi, the capital of the copper and cobalt mining province of Katanga. The hotel is situated in secure landscaped gardens beside a lake and was immediately granted five star status when inaugurated. The accommodation combined with restaurants, bars, internet access and conference facilities as well as a health club, swimming pool and sports facilities is a much needed facility in an area of strong economic growth such as Katanga.
- Hotel Cardoso (59% holding + Management Contract) continues to build market share. Room revenue for the quarter is up 15% compared to the same period in the prior year. Rates have remained strong despite the impact of the World Cup in South Africa with gross margins increasing by nearly 2% compared to Q3 2009.

Support Services

The Support Services division is dedicated to providing the essential first world standard IT infrastructure required for African businesses to grow. By continuing to add more blue chip clients to the customer base during the quarter, the division has had the opportunity to demonstrate the quality of the work they can perform and to increase market share from the client base in its core markets.

- The support services division has added 20% to its quarterly revenue, taking the recorded amount to £2.4m. In comparable currencies, this increase is 33%. For the 9 months, turnover is £7.0m compared to £6.3m in the prior year.
- New clients in the period for Lonrho IT included ABC bank, where an Avaya VOIP system has been installed and Capital bank for whom an infrastructure upgrade is taking place in Gaborone, Botswana.
- Lonrho IT is continuing work on a Cross Border Road Transportation network infrastructure upgrade in Johannesburg.
- Bytes & Pieces (65% holding) in Mozambique has during the quarter been awarded a network infrastructure contract by Tribunal Administrativo in Mozambique.
- Lonrho Water continues to develop its operations, with 3 significant customers committing their business in the quarter, waiting on quality certification.

Outlook

Within the Lonrho annual business cycle, the third quarter is traditionally the lowest quarter for the Company. Despite this, the Company has managed to increase revenue by 45% compared to the third quarter of the prior year. As well as generating this growth, the Company has been able to purchase and integrate two strategic acquisitions which will help to add value to the Company's existing divisions into the last quarter of 2010 and throughout 2011. Inevitably in the African environment, some delays arise in the implementation of projects undertaken as a result of management insisting that projects are carried out to the highest international standards and meet good practice corporate governance. New business revenue streams that are now operating will build through the year end and 2011, and will deliver significant growth in both turnover and profitability for the Company.

David Lenigas, Lonrho's Executive Chairman commented:

"The 45% year-on-year increase in third quarter turnover is an excellent achievement by the management of each division in the current economic climate. Lonrho continues to deliver on its core strategy of investing in, and growing businesses with focused synergies to the core economic drivers of Africa; Oil, Agriculture and Minerals. All the divisions of Lonrho have delivered considerable growth in the quarter, with reported turnover increases ranging between 20% and 118%. Having completed, or nearly completed the investment phase in many of the businesses the Company can be confident that the last quarter of 2010 and 2011 will reflect the strong foundations for growth that have now been successfully established."

Reported Figures

	3 months to			
	30 June 2010	30 June 2009	Variance	Var %
Agribusiness				
Rollex	11,243	9,845	1,398	14.2%
Other	2,432	0	2,432	N/a
Sub-Total	13,675	9,845	3,830	38.9%
Transport				
540 Group	4,774	3,882	892	23.0%
Support Services				
Bytes & Pieces	1,776	1,574	202	12.8%
Other	574	382	192	50.3%
Sub-Total	2,350	1,956	394	20.1%
Infrastructure				
Luba Free Port	3,330	1,861	1,469	78.9%
e-Kw ikbuild	951	106	845	797.2%
Sub-Total	4,281	1,967	2,314	117.6%
Hotels				
Hotel Cardoso	1,087	861	226	26.2%
Other	296	0	296	N/a
Sub-Total	1,383	861	522	60.6%
Head office	304	0	304	N/a
Total Turnover	26,767	18,511	8,256	44.6%
EBITDA	1,483	(2,419)	3,902	N/a
Profit Before Tax	(903)	(4,523)	3,620	N/a

	9 months to			
	30 June 2010	30 June 2009	Variance	Var %
Agribusiness				
Rollex	35,140	32,704	2,436	7.4%
Other	2,432	0	2,432	N/a
Sub-Total	37,572	32,704	4,868	14.9%
Transport				
540 Group	14,592	11,895	2,697	22.7%
Support Services				
Bytes & Pieces	5,150	5,141	9	0.2%
Other	1,899	1,118	781	69.9%
Sub-Total	7,049	6,259	790	12.6%
Infrastructure				
Luba Free Port	8,313	6,024	2,289	38.0%
e-Kw ikbuild	2,338	959	1,379	143.8%
Sub-Total	10,651	6,983	3,668	52.5%
Hotels				
Hotel Cardoso	3,167	2,173	994	45.7%
Other	577	0	577	N/a
Sub-Total	3,744	2,173	1,571	72.3%
Head office	440	0	440	N/a
Continuing Operations	74,048	60,014	14,034	23.4%
Shipping - discontinued	0	1,187	(1,187)	(100.0%)
Total Turnover	74,048	61,201	12,847	21.0%
EBITDA	4,295	(7,007)	11,302	N/a
Profit Before Tax	(2,462)	(3,887)	1,425	N/a
Extraordinary Items	0	2,312	(2,312)	N/a
Adjusted PBT	(2,462)	(6,199)	3,737	N/a

Comparable Currency

	3 months to			
	30 June 2010	30 June 2009	Variance	Var %
Agribusiness				
Rollex	11,243	10,216	1,027	10.1%
Other	2,432	0	2,432	N/a
Sub-Total	13,675	10,216	3,459	33.9%
Transport				
540 Group	4,774	4,028	746	18.5%
Support Services				
Bytes & Pieces	1,776	1,327	449	33.8%
Other	574	445	129	29.0%
Sub-Total	2,350	1,772	578	32.6%
Infrastructure				
Luba Free Port	3,330	1,931	1,399	72.4%
e-Kw ikbuild	951	124	827	666.9%
Sub-Total	4,281	2,055	2,226	108.3%
Hotels				
Hotel Cardoso	1,087	727	360	49.5%
Other	296	0	296	N/a
Sub-Total	1,383	727	656	90.2%
Head office	304	0	304	N/a
Total Turnover	26,767	18,798	7,969	42.4%

	9 months to			
	30 June 2010	30 June 2009	Variance	Var %
Agribusiness				
Rollex	35,140	31,065	4,075	13.1%
Other	2,432	0	2,432	N/a
Sub-Total	37,572	31,065	6,507	20.9%
Transport				
540 Group	14,592	11,385	3,207	28.2%
Support Services				
Bytes & Pieces	5,150	4,348	802	18.4%
Other	1,899	1,275	624	48.9%
Sub-Total	7,049	5,623	1,426	25.4%
Infrastructure				
Luba Free Port	8,313	5,766	2,547	44.2%
e-Kw ikbuild	2,338	1,143	1,195	104.5%
Sub-Total	10,651	6,909	3,742	54.2%
Hotels				
Hotel Cardoso	3,167	1,831	1,336	73.0%
Other	577	0	577	N/a
Sub-Total	3,744	1,831	1,913	104.5%
Head office	440	14	426	N/a
Continuing Operations	74,048	56,827	17,221	30.3%
Shipping - discontinued	0	1,187	(1,187)	(100.0%)
Total Turnover	74,048	58,014	16,034	27.6%

LONRHO ENQUIRIES

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